

LSU HEALTH SCIENCES FOUNDATION
IN SHREVEPORT AND SUBSIDIARIES
SHREVEPORT, LOUISIANA
JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 30 2011**

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLP

CERTIFIED PUBLIC ACCOUNTANTS

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October 31, 2011

The Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying consolidated statements of financial position of the LSU Health Sciences Foundation in Shreveport and Subsidiaries as of June 30, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the LSU Health Sciences Foundation in Shreveport and Subsidiaries as of June 30, 2011 and 2010, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the LSU Health Sciences Foundation in Shreveport and Subsidiaries. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Heard, McElroy & Vestal, LLC

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LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash	2,245,050	1,090,251
Accounts receivable	6,011	6,944
Pledges receivable	81,534	117,509
Investments-pools-Note 3	39,489,778	36,453,963
Investments-Feist Legacy-Note 4	57,193,459	47,341,995
Investments-Burton Legacy-Note 5	6,394,240	5,556,070
Investments-other	65,420	-
Equipment and furniture, less accumulated depreciation of \$45,848 and \$43,374, respectively	38,682	25,841
Investment in real estate-Notes 7 and 8	4,826,186	5,014,642
Other assets	<u>21,049</u>	<u>12,950</u>
Total assets	<u>110,361,409</u>	<u>95,620,165</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	2,760,751	941
Other payable	93,361	27,083
Notes payable-Note 8	1,068,043	527,332
Due to LSU Health Sciences Center Shreveport-Note 9	<u>6,193,893</u>	<u>5,321,359</u>
Total liabilities	10,116,048	5,876,715
 <u>Net assets:</u>		
Unrestricted	12,582,834	12,451,315
Temporarily restricted-Note 10	76,262,008	67,431,206
Permanently restricted-Note 11	<u>11,400,519</u>	<u>9,860,929</u>
Total net assets	<u>100,245,361</u>	<u>89,743,450</u>
Total liabilities and net assets	<u>110,361,409</u>	<u>95,620,165</u>

The accompanying notes are an integral part of the consolidated financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, revenues and gains:</u>				
Contributions	404,008	2,321,176	251,162	2,976,346
Income on investments	413,080	1,922,393	795,419	3,130,892
Net realized and unrealized gains (losses) on investments	1,040,875	9,722,635	1,071,453	11,834,963
Management fee income	1,245,544	-	-	1,245,544
Rental income	<u>191,154</u>	<u>-</u>	<u>-</u>	<u>191,154</u>
Total support, revenues and gains	3,294,661	13,966,204	2,118,034	19,378,899
<u>Net assets released from restrictions</u>	6,268,846	(6,165,362)	(103,484)	-
<u>Transfers between classifications</u>	<u>(555,000)</u>	<u>1,029,960</u>	<u>(474,960)</u>	<u>-</u>
<u>Total support, revenue, gains and reclassifications</u>	9,008,507	8,830,802	1,539,590	19,378,899
<u>Expenses:</u>				
Management and general	2,302,593	-	-	2,302,593
LSU Health Sciences Center Support:				
Specified by donors for Feist-Weiller Cancer Center	5,383,812	-	-	5,383,812
Specified by donors for other departments	885,034	-	-	885,034
Specified by the Board of Directors	<u>305,549</u>	<u>-</u>	<u>-</u>	<u>305,549</u>
Total support	<u>6,574,395</u>	<u>-</u>	<u>-</u>	<u>6,574,395</u>
Total expenses	<u>8,876,988</u>	<u>-</u>	<u>-</u>	<u>8,876,988</u>
<u>Change in net assets</u>	131,519	8,830,802	1,539,590	10,501,911
<u>Net assets at beginning of period</u>	<u>12,451,315</u>	<u>67,431,206</u>	<u>9,860,929</u>	<u>89,743,450</u>
<u>Net assets at end of period</u>	<u>12,582,834</u>	<u>76,262,008</u>	<u>11,400,519</u>	<u>100,245,361</u>

The accompanying notes are an integral part of the consolidated financial statements.

2010			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
212,018	2,409,814	199,616	2,821,448
370,660	1,931,178	202,314	2,504,152
959,019	4,297,994	1,008,274	6,265,287
1,101,333	-	-	1,101,333
<u>152,680</u>	<u>-</u>	<u>-</u>	<u>152,680</u>
2,795,710	8,638,986	1,410,204	12,844,900
2,401,714	(2,292,704)	(109,010)	-
<u>(127,266)</u>	<u>152,021</u>	<u>(24,755)</u>	<u>-</u>
5,070,158	6,498,303	1,276,439	12,844,900
1,368,856	-	-	1,368,856
1,654,957	-	-	1,654,957
746,757	-	-	746,757
<u>144,444</u>	<u>-</u>	<u>-</u>	<u>144,444</u>
<u>2,546,158</u>	<u>-</u>	<u>-</u>	<u>2,546,158</u>
<u>3,915,014</u>	<u>-</u>	<u>-</u>	<u>3,915,014</u>
1,155,144	6,498,303	1,276,439	8,929,886
<u>11,296,171</u>	<u>60,932,903</u>	<u>8,584,490</u>	<u>80,813,564</u>
<u>12,451,315</u>	<u>67,431,206</u>	<u>9,860,929</u>	<u>89,743,450</u>

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	10,501,911	8,929,886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	66,921	62,325
Net realized and unrealized (gain) loss on long-term investments	(11,834,963)	(6,265,287)
Donation of investment in real estate	890,000	-
Decrease in accounts receivable	933	477,301
Decrease in pledges receivable	35,975	4,000
(Increase) in other assets	(8,099)	(11,447)
Increase (decrease) in accounts payable	2,759,810	(49,833)
Increase in other payable	66,278	764
Increase in due to LSU Health Sciences Center Shreveport	<u>872,534</u>	<u>886,710</u>
Net cash provided by operating activities	3,351,300	4,034,419
<u>Cash flows from investing activities:</u>		
Purchase of real estate and fixed assets	(781,306)	(25,839)
Purchase of investments-net	<u>(1,955,906)</u>	<u>(3,386,408)</u>
Net cash (used) by investing activities	(2,737,212)	(3,412,247)
<u>Cash flows from financing activities:</u>		
Proceeds from notes payable	750,000	-
Repayment of notes payable	<u>(209,289)</u>	<u>(159,744)</u>
Net cash provided (used) by financing activities	540,711	(159,744)
<u>Net increase in cash</u>	1,154,799	462,428
<u>Cash at beginning of period</u>	<u>1,090,251</u>	<u>627,823</u>
<u>Cash at end of period</u>	<u>2,245,050</u>	<u>1,090,251</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>39,133</u>	<u>38,650</u>

The accompanying notes are an integral part of the consolidated financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Nature of Business.

The consolidated financial statements include the LSU Health Sciences Foundation in Shreveport and its wholly-owned subsidiaries - Foundation Property, LLC; Foundation General Holdings, LLC; and Intermodal Transit Facility, LLC. All significant intercompany accounts and transactions, except for management fees, have been eliminated in consolidation.

The LSU Health Sciences Foundation in Shreveport (the Foundation) is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The organization's goal is to support, enhance, and assist the LSU Health Sciences Center Shreveport (the Center) in its many endeavors by expanding the public's awareness of the Center's many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Center, and provide the means through which financial support is received and administered.

Foundation Property, LLC and Foundation General Holdings, LLC were formed in July 2006. Foundation Property, LLC was formed to hold all real estate previously acquired by the Foundation, and Foundation General Holdings, LLC was formed to hold all new acquisitions of real estate.

Intermodal Transit Facility, LLC was formed in March 2007 to purchase property and construct an intermodal transit oriented facility as a ride link for the City of Shreveport's SporTran passengers and the Center's patients, employees, students, and customers. Intermodal Transit Facility, LLC entered into a Cooperative Endeavor Agreement with the City of Shreveport which governed the use of \$1,235,949 of Section 5309 Federal Transit Administration funds earmarked as an 80% match for construction of the intermodal transit facility. In order to receive these grant funds, Intermodal Transit Facility, LLC was required to provide a match equal to 20% of the project cost. In addition, Intermodal Transit Facility, LLC was required to pay the City of Shreveport an administrative fee in the amount of 10% of the total FTA grant funds used for the project. Construction of the intermodal transit facility was completed in June 2009, and the total cost of the facility including the purchase of property and administrative fees of \$1,609,160 net of accumulated depreciation is reflected as an investment in real estate in the consolidated financial statements. A summary of the project's activity follows:

<u>Year Ended June 30,</u>	<u>Capitalized Expenditures</u>	<u>Expensed Expenditures</u>	<u>Capitalized Administrative Fees</u>	<u>Total Project Cost</u>	<u>Less Grant Income</u>	<u>Intermodal's Match Plus Admin. Fees</u>
2007	748,749	-	59,900	808,649	598,999	209,650
2008	110,402	-	8,832	119,234	88,322	30,912
2009	<u>630,515</u>	<u>4,016</u>	<u>50,762</u>	<u>685,293</u>	<u>507,624</u>	<u>177,669</u>
	<u>1,489,666</u>	<u>4,016</u>	<u>119,494</u>	<u>1,613,176</u>	<u>1,194,945</u>	<u>418,231</u>

2. Summary of Significant Accounting Policies

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

- b. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Foundation, at times, may have deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.
- f. The LSU Health Sciences Foundation in Shreveport qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Foundation Property, LLC; Foundation General Holdings, LLC; and Intermodal Transit Facility, LLC are single-member LLCs and are considered disregarded entities for tax purposes. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U.S. federal Form 990 for informational purposes. The Foundation's federal income tax returns for the tax years 2007 and beyond remain subject to examination by the Internal Revenue Service.

2. Summary of Significant Accounting Policies (Continued)

- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations.

The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

- h. Equipment and furniture are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of three to seven years.
- i. Investments in real estate are stated at cost if purchased and at fair market value at date of donation if donated less accumulated depreciation on any improvements. Depreciation of improvements is calculated using the straight-line method over an estimated useful life of fifteen years.
- j. The Foundation's financial instruments, excluding investments which are recorded at estimated fair value, include cash, pledges receivable, and notes payable. The Foundation estimates that the fair values of these financial instruments at June 30, 2011 and 2010 do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying financial statements.
- k. Certain amounts in the fiscal year ended June 30, 2010 financial statements have been reclassified to conform to the fiscal year ended June 30, 2011 presentation.

3. Investments-Pools

Investments-pools consisted of money market funds held at JPMorgan Chase Bank, units of The Commonfund for Nonprofit Organizations ("Commonfund") commingled funds, marketable securities held in J.P. Morgan brokerage accounts, and marketable securities and trust assets held in Regions Morgan Keegan Trust accounts. Unit contributions and redemptions to Commonfund funds must meet certain dollar value requirements and are only permitted on certain days of the month with written notice required. Redemptions from Commonfund funds may be limited or temporarily suspended in certain circumstances, such as in the event that the fund is unable to redeem sufficient funds managed by Subadvisors or in the event that disposal of part or all of the Fund's assets to meet redemption requests would be prejudicial to members. Investments-pools are presented below with their respective market values and costs as of June 30, 2011 and 2010.

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
<u>Unrestricted Pool</u>				
Fixed Income:				
Commingled funds	<u>2,024,435</u>	<u>2,051,719</u>	<u>610,262</u>	<u>542,801</u>
Total Fixed Income	<u>2,024,435</u>	<u>2,051,719</u>	<u>610,262</u>	<u>542,801</u>
Equity:				
Commingled funds	<u>-</u>	<u>-</u>	<u>985,394</u>	<u>799,412</u>
Total Equity	<u>-</u>	<u>-</u>	<u>985,394</u>	<u>799,412</u>
Due from other funds	<u>1,603,238</u>	<u>1,603,238</u>	<u>-</u>	<u>-</u>
Total Unrestricted Pool	<u>3,627,673</u>	<u>3,654,957</u>	<u>1,595,656</u>	<u>1,342,213</u>

3. Investments-Pools (Continued)

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
<u>Nonendowed Pool</u>				
Cash and cash equivalents	546,930	546,930	498,151	498,151
Fixed Income:				
U.S. government agencies	564,788	562,776	-	-
Municipals	2,690,063	2,643,342	-	-
Corporates	585,928	584,259	-	-
Commingled funds	<u>1,632,033</u>	<u>1,426,724</u>	<u>5,120,048</u>	<u>5,060,486</u>
Total Fixed Income	5,472,812	5,217,101	5,120,048	5,060,486
Due to other funds	<u>(631,958)</u>	<u>(631,958)</u>	-	-
Total Nonendowed Pool	<u>5,387,784</u>	<u>5,132,073</u>	<u>5,618,199</u>	<u>5,558,637</u>
<u>General/Feist Endowed Pool</u>				
Cash and cash equivalents	115,071	115,071	20,559	20,559
Fixed Income:				
U.S. government agencies	185,474	184,802	-	-
Municipals	1,206,921	1,190,898	-	-
Corporates	215,742	215,742	-	-
Commingled funds	<u>1,916,023</u>	<u>1,758,674</u>	<u>6,051,277</u>	<u>6,150,550</u>
Total Fixed Income	3,524,160	3,349,502	6,051,277	6,150,550
Equities:				
Domestic common stock	1,213,310	929,645	-	-
Domestic mutual funds	825,514	496,755	-	-
International common stock	23,805	19,938	-	-
International mutual funds	1,267,910	1,088,210	-	-
Commingled funds	<u>2,999,024</u>	<u>2,955,552</u>	<u>9,796,775</u>	<u>12,365,241</u>
Total Equities	6,329,563	5,490,100	9,796,775	12,365,241
Due from other funds	<u>4,719,833</u>	<u>4,673,732</u>	-	-
Total General/Feist Endowed Pool	<u>14,688,627</u>	<u>13,628,405</u>	<u>15,868,611</u>	<u>18,536,350</u>
<u>Future Endowment Pool</u>				
Cash and cash equivalents	<u>1,345,028</u>	<u>1,345,028</u>	<u>1,106,906</u>	<u>1,106,906</u>
Total Future Endowment Pool	<u>1,345,028</u>	<u>1,345,028</u>	<u>1,106,906</u>	<u>1,106,906</u>
<u>BRSF Pool</u>				
Cash and cash equivalents	4,788,195	4,788,195	1,701,688	1,701,688
Fixed Income:				
U.S. government agencies	234,022	233,194	-	-
Municipals	1,248,350	1,231,134	-	-
Corporates	229,390	228,736	-	-
Commingled funds	<u>1,750,609</u>	<u>1,588,519</u>	<u>4,614,050</u>	<u>4,576,951</u>
Total Fixed Income	3,462,371	3,281,583	4,614,050	4,576,951

3. Investments-Pools (Continued)

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Equity:				
Domestic common stock	1,285,192	982,999	-	-
Domestic mutual funds	855,828	518,508	-	-
International common stock	26,301	22,037	-	-
International mutual funds	847,112	723,006	-	-
Commingled funds	<u>3,011,793</u>	<u>2,423,492</u>	<u>5,948,853</u>	<u>7,260,243</u>
Total Equity	6,026,226	4,670,042	5,948,853	7,260,243
Due from other funds	<u>163,874</u>	<u>193,688</u>	-	-
Total BRSF Pool	<u>14,440,666</u>	<u>12,933,508</u>	<u>12,264,591</u>	<u>13,538,882</u>
Total Investments-pool	<u>39,489,778</u>	<u>36,693,971</u>	<u>36,453,963</u>	<u>40,082,988</u>

4. Feist Legacy

Carroll W. Feist died on July 29, 2005. His Will and codicils created ambiguities with respect to the identity of the universal legatee. The proper universal legatee was either Louisiana State University or The LSU Health Sciences Foundation in Shreveport. The parties compromised and agreed that Mr. Feist's Will should be interpreted so that the universal legatee is the Foundation. The parties entered into a written agreement whereby the management details of the legacy from Mr. Feist were outlined.

The bequest will be used for cancer research at the LSU Health Sciences Center, Shreveport, Louisiana. After appropriate approvals, the Foundation may spend income of the Feist account up to a maximum in any one fiscal year of \$1,000,000. Principal may also be spent after appropriate approvals have been obtained.

Because of the difficulty in valuing certain assets in the Succession, the contribution will be recorded as the assets are received from the Succession. Distributions received from the Succession and recorded as contributions since inception are as follows:

<u>Year Ended June 30,</u>	<u>Income</u>	<u>Principal</u>	<u>Total Distributions</u>
2006	2,312,389	23,557,148	25,869,537
2007	1,144,781	5,683,039	6,827,820
2008	2,728,319	3,648,281	6,376,600
2009	2,086,779	1,168,221	3,255,000
2010	1,064,881	485,119	1,550,000
2011	<u>1,124,600</u>	<u>475,400</u>	<u>1,600,000</u>
	<u>10,461,749</u>	<u>35,017,208</u>	<u>45,478,957</u>

Investments from the Feist Legacy consisted of units of Commonfund commingled funds, marketable securities held in a J.P. Morgan brokerage account, and marketable securities and trust assets held in a Regions Morgan Keegan Trust account.

4. Feist Legacy (Continued)

Investments-Feist Legacy are presented below with their respective market values and costs as of June 30, 2011 and 2010.

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Cash and cash equivalents	(1,197,917)	(1,197,917)	1,833,432	1,833,432
Fixed Income:				
U.S. government agencies	2,049,810	2,043,314	5,723,651	5,697,954
Mortgage backed	73,986	69,542	-	-
Municipals	5,945,930	5,800,459	10,349,518	10,022,198
Corporates	1,858,989	1,972,502	3,992,289	3,727,647
Domestic mutual funds	6,166,503	5,301,704	1,154,922	1,028,876
International mutual funds	556,311	1,198,037	1,092,459	1,000,000
Commingled funds	6,286,999	6,286,999	-	-
Total Fixed Income	22,938,528	22,672,557	22,312,839	21,476,675
Equities:				
Domestic common stock	14,799,550	11,936,952	12,499,047	12,196,671
Domestic mutual funds	7,815,968	6,453,193	6,837,957	6,992,300
International common stock	119,632	101,043	269,231	267,090
International mutual funds	5,625,090	5,430,950	3,589,489	4,230,720
Commingled funds	12,199,437	12,199,437	-	-
Total Equities	40,559,677	36,121,575	23,195,724	23,686,781
Alternatives:				
Hedge funds	41,696	41,518	-	-
Real estate and infrastructure	475,283	445,720	-	-
Hard assets	231,179	225,320	-	-
Total Alternatives	748,158	712,558	-	-
Due to other funds	(5,854,987)	(5,838,700)	-	-
Total Investments-Feist Legacy	57,193,459	52,470,073	47,341,995	46,996,888

Following is a summary of the transactions on the Feist Legacy for the years ended June 30, 2011 and 2010. All of the activity is reflected in the Foundation's accompanying consolidated financial statements as of and for the years ended June 30, 2011 and 2010.

	<u>2011</u>		<u>2010</u>
	<u>Income</u>	<u>Principal</u>	<u>Total Market Value</u>
Net asset balances at beginning of year	13,129,811	34,391,143	47,520,954
Activity during the year:			
Distributions from Succession	1,124,600	475,400	1,600,000
Interest and dividend income	726,102	-	726,102
Bond interest income	874,516	-	874,516
Realized gain (loss)	-	2,866,950	2,866,950
Unrealized gain (loss)	-	4,394,556	4,394,556
Management fees	(409,476)	(409,476)	(818,952)
Other expenses	(182,835)	-	(182,835)
Net asset balances at end of year	15,262,718	41,718,573	56,981,291

4. Feist Legacy (Continued)

Consists of:

Above investments	57,193,459	47,341,995
Checking account	7,784	360,056
Management fees and other payable	<u>(219,952)</u>	<u>(181,097)</u>

Total net assets at end of year 56,981,291 47,520,954

In addition to the above, there are undistributed assets in the Succession totaling approximately \$18,400,000 (principal - \$18,400,000 and income \$-0-) as of June 30, 2011. As stated above, such assets will be reflected in the Foundation's financial statements when distributed by the Succession and received by the Foundation.

5. Burton Legacy

The Foundation was the beneficiary of the Residuary Estate of Cleveland C. Burton. Mr. Burton died on February 22, 2008, and the fair value of his estate was recorded as an unrestricted contribution during the year ended June 30, 2008. The fair value of the Foundation's interest in the estate as of June 30, 2008, \$6,233,949, was classified as a beneficial interest in estate in the statement of financial position. The Foundation took possession of the assets during the year ended June 30, 2009, and the assets were then classified as investments-Burton Legacy in the statement of financial position. As of June 30, 2011 and 2010, the investments from the Burton Legacy consisted of marketable securities held in a J.P. Morgan brokerage account, which are detailed below:

	<u>2011</u>		<u>2010</u>	
	<u>Market</u> <u>Value</u>	<u>Cost</u>	<u>Market</u> <u>Value</u>	<u>Cost</u>
Cash and cash equivalents	386,684	386,684	265,213	265,213
Fixed Income:				
Domestic mutual funds	2,146,641	1,963,468	2,056,623	1,895,525
International mutual funds	<u>228,527</u>	<u>220,955</u>	<u>166,794</u>	<u>169,380</u>
Total Fixed Income	2,375,168	2,184,423	2,223,417	2,064,905
Equities:				
Domestic common stock	-	-	271,871	363,750
Domestic mutual funds	1,384,651	1,116,028	1,446,110	1,402,110
International mutual funds	<u>576,684</u>	<u>493,408</u>	<u>498,987</u>	<u>446,720</u>
Total Equities	1,961,335	1,609,436	2,216,968	2,212,580
Alternatives:				
Hedge funds	408,936	413,048	-	-
Real estate and infrastructure	130,736	86,209	-	-
Hard assets	<u>203,643</u>	<u>150,313</u>	-	-
Total Alternatives	743,315	649,570	-	-
Structured investments	<u>927,738</u>	<u>880,000</u>	<u>850,472</u>	<u>885,000</u>
Total Investments-Burton Legacy	<u>6,394,240</u>	<u>5,710,113</u>	<u>5,556,070</u>	<u>5,427,698</u>

6. Fair Value Measurements

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2011 and 2010 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2011:				
Cash and equivalents	5,340,187	643,804	-	5,983,991
Fixed Income:				
U.S. government agencies	1,454,028	1,580,066	-	3,034,094
Mortgage backed	21,689	52,297	-	73,986
Municipals	-	11,091,264	-	11,091,264
Corporates	-	2,890,049	-	2,890,049
Domestic mutual funds	2,767,534	5,545,610	-	8,313,144
International mutual funds	297,925	486,913	-	784,838
Commingled funds	<u>640,094</u>	<u>12,862,093</u>	<u>107,912</u>	<u>13,610,099</u>
Total Fixed Income	5,181,270	34,508,292	107,912	39,797,474
Equities:				
Domestic common stock	17,298,052	-	-	17,298,052
Domestic mutual funds	4,774,365	6,107,596	-	10,881,961
International common stock	169,738	-	-	169,738
International mutual funds	4,168,676	4,148,120	-	8,316,796
Commingled funds	<u>1,522,947</u>	<u>15,415,348</u>	<u>1,271,959</u>	<u>18,210,254</u>
Total Equities	27,933,778	25,671,064	1,271,959	54,876,801
Alternatives:				
Hedge Funds	-	450,632	-	450,632
Real Estate & Infrastructure	-	606,019	-	606,019
Hard Assets	-	<u>434,822</u>	-	<u>434,822</u>
Total Alternatives	-	1,491,473	-	1,491,473
Structured investments	-	-	<u>927,738</u>	<u>927,738</u>
Total Investments	<u>38,455,235</u>	<u>62,314,633</u>	<u>2,307,609</u>	<u>103,077,477</u>

6. Fair Value Measurements (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2010:				
Cash and equivalents	3,804,799	1,621,150	-	5,425,949
Fixed Income:				
U.S. government agencies	-	5,723,651	-	5,723,651
Mortgage backed	-	-	-	-
Municipals	-	10,349,518	-	10,349,518
Corporates	-	3,992,289	-	3,992,289
Domestic mutual funds	3,211,545	-	-	3,211,545
International mutual funds	1,259,253	-	-	1,259,253
Commingled funds	<u>843,166</u>	<u>15,352,720</u>	<u>199,751</u>	<u>16,395,637</u>
Total Fixed Income	5,313,964	35,418,178	199,751	40,931,893
Equities:				
Domestic common stock	12,770,918	-	-	12,770,918
Domestic mutual funds	8,284,067	-	-	8,284,067
International common stock	269,231	-	-	269,231
International mutual funds	4,088,476	-	-	4,088,476
Commingled funds	<u>695,748</u>	<u>14,756,605</u>	<u>1,278,669</u>	<u>16,731,022</u>
Total Equities	26,108,440	14,756,605	1,278,669	42,143,714
Alternatives:				
Hedge Funds	-	-	-	-
Real Estate & Infrastructure	-	-	-	-
Hard Assets	-	-	-	-
Total Alternatives	-	-	-	-
Structured investments	-	-	<u>850,472</u>	<u>850,472</u>
Total Investments	<u>35,227,203</u>	<u>51,795,933</u>	<u>2,328,892</u>	<u>89,352,028</u>

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fixed Income Commingled Funds</u>	<u>Equities Commingled Funds</u>	<u>Structured Investments</u>	<u>Total</u>
Balance-June 30, 2009	140,962	149,765	-	290,727
Gains (losses) realized and unrealized	18,298	21,251	(11,678)	27,871
Purchases	140,711	292,604	1,230,000	1,663,315
Sales/Redemptions	(79,203)	(157,152)	(367,850)	(604,205)
Transfers in (out)	<u>(21,017)</u>	<u>972,201</u>	-	<u>951,184</u>
Balance-June 30, 2010	199,751	1,278,669	850,472	2,328,892
Accrued discount (premium)	(59)	-	-	(59)
Gains (losses) realized and unrealized	(134,250)	145,835	162,999	174,584
Purchases	78,794	57,538	740,000	876,332
Sales/Redemptions	(30,924)	(210,083)	(825,733)	(1,066,740)
Transfers in (out)	<u>(5,400)</u>	-	-	<u>(5,400)</u>
Balance-June 30, 2011	<u>107,912</u>	<u>1,271,959</u>	<u>927,738</u>	<u>2,307,609</u>

Subsequent to June 30, 2011, investment valuations significantly deteriorated. As a result, the market value of the Foundation's investments decreased six percent from \$103 million to \$97 million as of September 30, 2011.

7. Investment in Real Estate

During the fiscal year ended June 30, 2002, the Foundation began purchasing property adjacent to and near the LSU Health Sciences Center Shreveport. The Foundation's intent is to ultimately transfer ownership of this property to the LSU Health Sciences Center Shreveport either by sale or donation. On occasion, the Foundation has also received donations of property. At June 30, 2011 and 2010, the Foundation's investment in real estate consists of:

	<u>2011</u>	<u>2010</u>
Chevy Land property	250,000	250,000
Yokem property	125,000	125,000
Sklar Phillips property	253,425	253,425
Caddo Exceptional School property	510,000	510,000
Yokem Body Shop property	118,930	118,930
Monsour property	235,238	235,238
Crawford property	79,656	79,656
Kings Highway property	261,000	261,000
Blood Center property	605,200	600,000
Selber property	-	890,000
1341 Jennings Street	35,896	35,896
1328 Woodrow Street	60,447	60,447
1345 Jennings Street	44,031	44,031
3206 Samford Avenue	753,705	-
Chicora property	4,000	4,000
Intermodal Transit Facility property, less accumulated depreciation of \$119,502 and \$62,141, respectively, on improvements of \$1,609,160	<u>1,489,658</u>	<u>1,547,019</u>
	<u>4,826,186</u>	<u>5,014,642</u>

During the fiscal year ended June 30, 2011, Foundation Property, LLC donated the Selber property with a book value of \$890,000 to the Caddo Parish Commission.

The Caddo Exceptional School and Blood Center properties are currently leased by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Kings Highway property is leased by various businesses. The 1328 Woodrow Street property is leased by a student. Rental income under noncancellable leases is due as follows:

2012	135,201
2013	55,914
2014	44,254
2015	44,254
2016	<u>7,376</u>
	<u>286,999</u>

8. Notes Payable

Notes payable consists of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Note payable to JP Morgan Chase Bank, original amount of \$510,000, interest at the "Eurodollar Rate," due in consecutive monthly installments of \$4,250, plus interest beginning July 15, 2003 with unpaid principal and interest due in full on June 15, 2008. On February 10, 2006, re-		

8. Notes Payable (Continued)

	<u>2011</u>	<u>2010</u>
financed \$378,250, interest at a fixed rate 6.85%, due in consecutive monthly installments of \$5,475, including interest beginning February 15, 2006 with unpaid principal and interest due in full on June 15, 2013, unsecured.	119,799	175,074
Note payable to JP Morgan Chase Bank, original amount of \$276,000, interest at prime rate due in consecutive monthly installments of \$2,836 including interest beginning August 23, 2004 with unpaid principal and interest due in full on July 23, 2009. On February 10, 2006, refinanced \$248,044, interest at a fixed rate 6.85%, due in consecutive monthly installments of \$3,529 including interest beginning February 23, 2006 with unpaid principal and interest due in full on June 15, 2013, unsecured.	83,000	118,165
Note payable to Regions Bank, original amount of \$600,000, interest at 6.38%, due in consecutive monthly installments of \$8,875 including interest beginning September 17, 2005, with unpaid principal and interest due in full on August 17, 2012. On June 30, 2009, refinanced \$308,857, interest at a fixed rate 5.85%, due in consecutive monthly installments of \$8,164 including interest beginning August 1, 2009 with unpaid principal and interest due in full on January 1, 2013, secured by investment in Blood Center real estate and assignment of real estate leases and rents of the Blood Center real estate.	147,654	234,093
Note payable to JPMorgan Chase Bank, original amount of \$750,000, interest at a fixed rate 5.00%, due in consecutive monthly installments of \$10,600 including interest beginning March 31, 2011 with principal and interest due in full on March 31, 2018, unsecured.	717,590	-
	<u>1,068,043</u>	<u>527,332</u>

Notes payable maturities are as follows:

<u>Due In</u>	
2012	259,624
2013	266,835
2014	94,813
2015	99,665
2016	104,764
Thereafter	242,342
	<u>1,068,043</u>

Included in management and general expense is \$39,133 and \$38,650 in interest expense for the years ended June 30, 2011 and 2010, respectively.

9. Due to LSU Health Sciences Center Shreveport

The amount due to LSU Health Sciences Center Shreveport represents the state match for the following chairs and professorships, which are being held and invested for the Center by the LSU Health Sciences Foundation in Shreveport. The liability consists of the following at June 30:

	<u>2011</u>	<u>2010</u>
John C. McDonald, M.D. Chair in Surgery	515,052	448,320
Jack W. Pou, M.D. Chair in Otolaryngology	520,465	452,257
Albert Sklar Professorship in Surgery	54,732	49,653
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	586,270	510,266
Mary Louise and Ben Levy Professorship in Neurosurgery	52,440	46,770
Paul R. Winder, M.D. Professorship in Dermatology	63,690	55,669
H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery	54,363	47,161
Muslow Chair in Academic Affairs	467,199	398,735
Albert G. and Harriet G. Smith Professorship in Pathology	52,096	45,536
Randy Bryn, M.D. Professorship in Pulmonology	47,149	41,294
W. R. Matthews, M.D. Professorship in Pathology	50,297	44,484
YK Reddy Professorship in Allergy and Immunology	51,987	44,613
Albertson's Distinguished Professorship in Allied Health Sciences	56,341	49,321
Robert E. Wolf, M.D. Professorship in Rheumatology	43,407	37,032
Donald Mack, M.D. Professorship in Pediatric Oncology	51,721	44,888
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Education	50,991	44,432
Edward J. Crawford, Jr., M.D. Professorship in GYN Surgery	51,631	44,892
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Recruitment	46,882	41,694
Burdette E. Trichel, M.D. Professorship in Urology	51,653	44,889
Charles D. Knight, Sr. Professorship in General Surgery	48,560	43,803
J. Woodfin Wilson, M.D. Professorship in Internal Medicine	51,756	44,890
Eugene St. Martin Professorship in Urology	48,212	42,191
Edward J. Crawford Professorship in Continuing Education	48,907	42,326
Nathan Professorship in Head & Neck Surgery	46,632	39,874
George Khoury & Donald Mack, M.D. Professorship in Pediatric Oncology	41,679	35,763
Joe E. Holoubek Professorship in Medicine	48,919	42,326
Thomas Norris, M.D. Professorship in Orthopedic Resident Support	41,172	35,194
E. Earle Dilworth, M.D. Professorship in OB/GYN Excellence	41,699	35,722
Mrunalini Shah and Bipin, M. D. Professorship in Anesthesiology Education	41,742	35,695
James A. Ardoin, M.D. Professorship in OB/GYN	41,775	35,674
Brad and Kay McPherson Professorship in Child Psychiatry	43,408	37,032
George Khoury and Donald Mack, M.D. Professorship for the St. Jude Clinic	39,872	-
Selber-Levin Professorship in Endocrinology	46,718	39,874
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Education	43,396	37,015
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Recruitment	43,395	37,015
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Oncology Education	43,395	37,015

9. Due to LSU Health Sciences Center Shreveport (Continued)

	<u>2011</u>	<u>2010</u>
Edward Jr. Crawford, Jr., M.D. Professorship in OB/GYN Reproductive Endocrinology	43,396	37,015
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Enhancement	43,396	37,015
Edward Jr. Crawford, Jr., M.D. Professorship in OB/GYN Technology Enhancement	43,395	37,015
Juneau Chair in Transplantation Surgery	519,954	446,131
Stafford and Marianne Comegys Professorship in Medical Library Science	51,992	44,613
Carroll W. Feist Chair for the Study of Cancer	1,104,021	968,073
Dr. Ming Yu Ding Memorial Professorship in Microbiology	39,948	-
Archibald Bell Nelson Professorship in Orthopaedics	75,898	66,593
Joanna Gunning Magale Professorship in Neurology	62,001	54,100
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	<u>580,289</u>	<u>517,489</u>
	<u>6,193,893</u>	<u>5,321,359</u>

10. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Board-designated endowments:		
Feist Legacy	56,981,291	47,520,954
Feist-Weiller Investment Account	12,875,371	13,598,641
Feist Investment Spending	442,454	394,815
C Feist Legacy Spending	<u>43,021</u>	<u>557,158</u>
Total Board-designated endowments	70,342,137	62,071,568
Other:		
Feist-Weiller Cancer Center	422,633	536,823
LSUMC Alumni Association	161,597	140,003
Pediatrics/Neo Pramanik Flex	110,286	121,997
Feist-Chancellor Fund	289,602	289,602
Continuing Medical Education	195,244	198,818
Minagar's Flex Residual	109,595	121,682
Oral Surgery/Ghali/Discretionary Spending	113,009	133,605
Orthopaedic Surgery Chairman's Foundation Account	413,704	-
Neurosurgery/Nanda/Research	336,187	337,842
John C. McDonald Chair Spending	107,467	58,358
Jack W. Pou, M.D. Chair in Otolaryngology Spending	261,458	216,183
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology Spending	329,336	281,611
Carroll W. Feist Chair for the Study of Cancer Spending	404,922	332,548
Jack W. Gamble M.D. Chair in Oral/Maxillofacial Surgery Spending	242,849	213,603
Other (individual fund balance ≤ 100,000)	<u>2,421,982</u>	<u>2,376,963</u>
Total other	<u>5,919,871</u>	<u>5,359,638</u>
Total temporarily restricted net assets	<u>76,262,008</u>	<u>67,431,206</u>

11. Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
John C. McDonald, M.D. Chair in Surgery	779,952	695,368
Jack W. Pou, M.D. Chair in Otolaryngology	731,891	652,439
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	727,365	648,828
Muslow Endowed Chair in Academic Affairs	693,499	591,865
Gail and Donnie Juneau Chair in Transplantation	752,867	668,929
Carroll W. Feist Chair for the Study of Cancer	1,461,282	1,303,813
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	733,342	654,641
Smith Chair of Spinal Treatment	677,297	676,043
Comegys Library Endowment	407,684	310,835
Urology/Womack Endowment	203,100	156,696
Psychiatry/Frost Endowment	922,072	710,333
Dr. Y. S. Goel Student Scholarship	145,507	112,161
Anil Nanda Neurosurgery Endowment	124,725	199,340
Other (individual fund balance \leq 100,000)	<u>3,039,936</u>	<u>2,479,638</u>
Total permanently restricted net assets	<u>11,400,519</u>	<u>9,860,929</u>

12. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

Certain endowed funds are provided by the State of Louisiana as a match to qualifying private endowed contributions and are managed under agreement with the Center for the Center's benefit. These endowed assets are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The spending rate approved by the Board for the fiscal years ended June 30, 2011 and 2010 was 4.00%.

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

The Louisiana Board of Regents spending policy dictates that no portion of the inflation – adjusted corpus, as defined by the Board of Regents, is to be allocated for spending. Effective July 1, 2008 and terminating on June 30, 2012, the Louisiana Board of Regents has temporarily waived the inflation – adjustment requirement for original corpus.

The Foundation classifies as permanently restricted net assets the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

12. Endowed Net Assets (Continued)

Changes in endowment net assets for fiscal year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	-	63,422,550	9,860,929	73,283,479
Contributions	-	1,601,525	251,162	1,852,687
Income on investments	-	1,922,315	795,419	2,717,734
Net appreciation	-	9,722,635	1,071,453	10,794,088
Other expenditures for facilities and programs	-	(3,869,246)	-	(3,869,246)
Administrative expenses	-	(1,228,055)	(103,484)	(1,331,539)
Transfers for spending	-	474,960	(474,960)	-
Transfers to increase private endowed contributions for Board of Regents match	-	-	-	-
Endowment net assets, June 30, 2011	<u>-</u>	<u>72,046,684</u>	<u>11,400,519</u>	<u>83,447,203</u>

Endowment fund net asset composition as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	-	1,704,547	11,400,519	13,105,066
Board-designated endowment	-	70,342,137	-	70,342,137
	<u>-</u>	<u>72,046,684</u>	<u>11,400,519</u>	<u>83,447,203</u>

Changes in endowment net assets for fiscal year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	-	57,153,812	8,584,490	65,738,302
Contributions	-	1,567,075	199,616	1,766,691
Income on investments	-	1,931,178	202,314	2,133,492
Net appreciation	-	4,297,994	1,008,274	5,306,268
Other expenditures for facilities and programs	-	(603,959)	-	(603,959)
Administrative expenses	-	(1,058,071)	(109,010)	(1,167,081)
Transfers for spending	-	134,521	(134,521)	-
Transfers to increase private endowed contributions for Board of Regents match	-	-	109,766	109,766
Endowment net assets, June 30, 2010	<u>-</u>	<u>63,422,550</u>	<u>9,860,929</u>	<u>73,283,479</u>

Endowment fund net asset composition as of June 30, 2010:

Donor-restricted endowment	-	1,350,982	9,860,929	11,211,911
Board-designated endowment	-	62,071,568	-	62,071,568
	<u>-</u>	<u>63,422,550</u>	<u>9,860,929</u>	<u>73,283,479</u>

13. Operating Leases

The Foundation leases office space under an operating lease which expires on February 28, 2012. In addition, the Foundation leases a copier/printer/scanner under an operating lease which expires on September 30, 2014. Future minimum lease requirements are as follows:

2012	32,690
2013	3,584
2014	3,584
2015	896
2016	-
	<u>40,754</u>

Included in management and general expense is \$47,243 and \$23,468 in rent expense for the years ended June 30, 2011 and 2010, respectively.

14. Commitments

During the fiscal year ended June 30, 2010, the Foundation was asked by the Chancellor of the Center to consider an infusion of funds into the Orthopaedic Surgery Department in order to rebuild the program. The Board of Directors voted and approved to donate a total of \$2.5 million of unrestricted funds in five \$500,000 annual installments to begin during the fiscal year ending June 30, 2011.

On July 15, 2009, the Board of Directors approved an Operating Reserve Policy to establish guidelines for achieving an operating reserve sufficient for the Foundation to adequately support its annual budget, ensure continued growth of current and future programs, fulfill its mission even during times of harsh economic conditions, and provide financial stability and the means for the development of its principal activity. The policy states that the operating reserve of \$1 million shall be established beginning in fiscal year ending June 30, 2011 and shall be fully funded by the end of the fiscal year ending June 30, 2016 through designation of unrestricted funds given to the Foundation. The reserve shall be invested in highly liquid United States Treasury obligations or FDIC insured accounts and may be used only for unanticipated and unbudgeted expenses or loss of revenue. Reserves may not be accessed in the absence of a plan for their replenishment over a reasonable period of time. On October 19, 2011, the Executive Committee of the Board of Directors voted to fully fund the Operating Reserve of \$1 million from unrestricted funds of the Foundation rather than partially funding the reserve between the remaining fiscal years ending June 30, 2012 through June 30, 2016.

15. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 "Subsequent Events," the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through October 31, 2011 and noted the subsequent event discussed in Note 6.

OTHER FINANCIAL INFORMATION

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Salary expense	530,620	452,046
Payroll taxes	38,866	34,062
Employee benefit expense	33,426	29,399
Contractual services	-	37,395
Investment fees	134,888	126,843
Professional services	161,221	109,242
Insurance	99,831	91,289
Bank charges	15,115	9,341
Depreciation	66,921	62,325
Office supplies	12,991	17,499
Postage	6,443	1,823
Telephone expense	7,645	6,236
Maintenance agreements	15,334	-
Books and subscriptions	1,365	-
Rent	44,144	20,748
Equipment rental	5,642	5,949
Repairs and maintenance	15,799	31,684
Travel	6,733	2,953
Meals and entertainment	10,835	7,774
Advertising and promotional expenses	(45)	1,170
Printing	20,796	19,183
Gifts and acknowledgments	2,325	567
Professional development	9,946	7,119
Dues and licenses	3,573	5,695
Fundraising event	109,473	21,383
Interest expense	39,133	38,650
Utilities	2,779	2,461
Taxes	4,336	3,584
Environmental clean-up	9,430	210,929
Donations	890,000	-
Miscellaneous	<u>3,028</u>	<u>11,507</u>
Total management and general expenses	<u>2,302,593</u>	<u>1,368,856</u>

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF LSU HEALTH SCIENCES CENTER SUPPORT

SPECIFIED BY DONORS FOR OTHER DEPARTMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Academic affairs	269	-
Admissions	-	5,635
Allied Health	6,806	17,441
Alumni affairs	54,277	51,697
Anesthesiology	27,431	2,270
Biochemistry	37	1,017
Cardiology	736	2,613
Cardiopulmonary	1,998	-
Cellular biology and anatomy	703	-
Chancellor	29,746	38,303
Continuing medical education	52,931	21,969
Dermatology	912	-
E. A. Conway	129	9,623
Emergency medicine	3,803	17,902
Endocrinology	3,228	1,639
Family medicine	12,420	24,617
Foundation	3,971	5,136
Health sciences library	15,716	7,848
Human resource management	6,100	-
Internal medicine	8,632	-
Legal affairs	-	2,500
Medicine	453	647
Microbiology	2,809	3,984
Nephrology	4,178	5,772
Neurology	26,726	14,540
Neurosurgery	32,261	40,006
Nursing administration	909	3,567
OB/GYN	21,107	12,542
Oral/maxillofacial	88,499	43,537
Orthopaedic	5,479	20,185
Ortho surgery	56,821	6,717
Otolaryngology	14,778	8,720
Pathology	13,382	14,016
Pediatrics	118,796	124,509
Pharmacology	18,586	25,702
Physiology	16,981	5,399
Psychiatry	9,270	15,809
Pulmonary	2,798	2,867
Radiology	6,968	9,916

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF LSU HEALTH SCIENCES CENTER SUPPORT

SPECIFIED BY DONORS FOR OTHER DEPARTMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Rheumatology	91,568	7,623
Social services	5,006	1,781
Student affairs	458	-
Surgery	80,791	26,831
Urology	36,565	278
Grants and honoraria	-	23,274
Foundation management fees	<u>*</u>	<u>118,325</u>
Total	<u>885,034</u>	<u>746,757</u>

*In 2011, foundation management fees of \$164,813 are included in applicable department's expense.